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RUEAHLG/HOMELAND SECURITY CENTER WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC
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STATE PASS TDA FOR BTERNET
STATE PASS EXIM FOR JRICHTER
STATE PASS USTR FOR ASST USTR SLISER
STATE PASS USAID FOR GWEYNAND AND SLAWAETZ

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TAGS: [ENRG](#) [EPET](#) [PREL](#) [PTER](#) [NI](#)
SUBJECT: EXXONMOBIL CONCERNS WITH MILITANTS BROADENING THE
WAR FOR PUBLIC OPINION; ERHA ON-LINE

REF: A. 2005 LAGOS 1951
[B](#). LAGOS 363
[C](#). LAGOS 366
[D](#). LAGOS 430

Classified By: Consul General Brian L. Browne for Reasons 1.4 (D & E)

Summary

[1](#)1. (C) In a recent meeting with ExxonMobil (EM) Nigeria, a senior executive explained EM's concern with the deteriorating Nigerian security situation, the company's low-profile public affairs strategy, and its strategy to maintain harmonious relations with communities in Akwa Ibom State, its primary base of operations. EM management questions whether a recent protest at its facility was organized to protest compensation for a 1998 spill as claimed, or was staged to broaden the political front against oil companies to include EM. Subsequently, the Movement for the Emancipation of the Niger Delta's (MEND) issued threats against EM installations. Finally, EM began production March 26 at the enormous Erha deepwater field. EM has decided not to request Nigerian Naval protection for the Erha Floating, Production, Storage and Offloading (FPSO) vessel. End Summary.

EM: Trying to Stay out of the Press and MEND's Line of Fire

[1](#)2. (C) In a recent meeting, ExxonMobil (EM) Nigeria's Executive Director of Production Ian Edwards noted the company had been largely successful in avoiding both negative press and disruptive militant action. However, a Movement for the Survival of the Ijaw people in the Niger Delta

(MOSIEND) March 8 blockade of the entrance to its Akwa Ibom-based Qua Iboe Terminal raised fears militants might be turning attention to EM. (reftel B) (Note: Shell and EM are Nigeria's two largest petroleum producers. End note.) Subsequently, a statement by another militant group threatening to destroy EM facilities within 21 days if the firm did not pay compensation for a 1998 oil spill has further raised EM concerns. (reftel C) Since then, MEND has made no other specific threats against EM, and Edwards reports no additional problems at their facilities.

Protest Ostensibly Concerned 1998 Oil Spill

13. (C) Edwards said the March protest ostensibly concerned compensation for a 1998 oil spill. He told us EM has already paid between \$25-30 million USD in restitution and environmental remediation. However, EM has refused to pay some claims from communities upriver from the spill, which EM does not believe were materially affected by the spill. EM has agreed to meet with the protestors for further discussions in the Akwa Ibom capital, Uyo.

EM Management Fears Protest an Effort to Broaden
the Public Relations Front to Include EM

14. (C) According to Edwards, the protest had no significant impact on operations, and the protesters are probably not affiliated with the armed Ijaw militants who carried out the attacks and kidnapping in Delta State. However, the protest directed media attention EM's way, and EM fears this might

put them on the militants' radar screen. Edwards believes the protest was staged as part of a concerted strategy to broaden the political front against oil companies to include EM.

EM Worries MOSIEND is a Rivers State Import,
Local Acquiescence Allowed Protest to Move Ahead

15. (C) Edwards is concerned the March protest was choreographed in Rivers State, and succeeded through the acquiescence of Akwa Ibom State officials and local villagers. He confirmed EM had indications MOSSIEND was largely composed of Ijaws from Rivers State, and some protestors had been transported into Akwa Ibom for the event. He also noted increasing numbers of Ijaws visiting Akwa Ibom. Edwards stated EM management believes the local Joint Task Force (JTF), State Security Services (SSS), and local community knew about MOSIEND's intent to blockade EM, but took no action to stop the protest. Edwards told us the protest ended only after the state police commissioner and elements of the SSS finally intervened.

EM's Message to Akwa Ibom:
Don't Let Delta Militants Hijack your State

16. (C) Edwards explained the communication strategy EM has presented to Akwa Ibom State Governor Attah and key state leaders. EM argues Akwa Ibom severely risks its revenue stream if there are attacks on EM. EM has urged state leaders to tell the militants that Akwa Ibom is a stable place with no room for militant violence. While Edwards believes MOSIEND had "initially gotten some succor in Uyo, Edwards also felt the possibility of militia violence spreading into Akwa Ibom "had been a wake-up call" for local communities, who do not want their towns transformed into a battleground like some in Delta State.

EM's Message to the GON:

You Can't Afford a Broader Front in this War

¶7. (C) Edwards explained EM's message to the federal government was similar: it cannot afford to allow MEND and other militant groups to creep into Akwa Ibom. Were this to occur, the crisis would encompass virtually all of Nigeria's oil producing coast. Edwards said EM urged the GON towards a political solution for the current Delta crisis, even if it involves compromise.

EM Fears Tip into Scorched Earth Policy; Halt in Violence Needed for Development Plan Quick Wins

¶8. (C) Edwards feared MEND's activities would ultimately push the military into action, and painted a scenario where the military unleashes a scorched earth policy regardless of its impact on civilians. Edwards said if Delta State is not stabilized now, ultimately there will be no way to protect EM operations in Akwa Ibom or oil operations in the rest of the South-South. Discussing hopes for quick-impact development plans such as the recently-developed Rivers State program, Edwards spoke of the immediate need to stop violence to gain some breathing space for such programs to take root. Without a cessation in violence, he fears such programs will never gain traction.

Nigeria's Second Major Deepwater Field On-Line, Sixty Miles from MEND with No Naval Protection

¶9. (C) EM's deepwater Erha field, anchored by the Erha FPSO, started production on March 26. Edwards noted at sixty miles off-shore, Erha is much closer to the Forcados River and MEND's operational area than EM's existing facilities in Akwa Ibom. According to Edwards, the Erha FPSO will have no naval protection. EM has not sought military protection for Erha, fearing in the current security environment, the presence of armed troops would actually invite a militant attack. Edwards added however, they would support GON effort to implement perimeter security for facilities like Erha and Bonny Island.

¶10. (SBU) Erha is located offshore Delta State, to the west of the mouths of the Forcados and Escravos River, in oil mining lease block 209 in about 3000 feet of water (reftel A). Erha will initially produce 150,000 barrels per day, increasing to 165,000 bpd by 2008. The 285 meter vessel will have a storage capacity of 2.2 million barrels of oil.

Comment

¶11. (C) Judging from Edwards comments, EM is concerned that militant activity, now basically aimed at Shell's on-shore operations, will spread geographically and to other companies. Because of distance and different ethnic groups, Akwa Ibom is not in the militants' current sphere of operations, but it is not so far away as to be completely immune to militant influence and perhaps expansion of their destructive practice. The large Erha FPSO also presents a dilemma for EM. While sixty miles off-shore, it is closer to militant actions than Akwa-Ibom. While a bit-ticket investment, EM has decided to go light on security out of concern that the presence of security would not function as a deterrent, but would be seen as a challenge to the militants to attack the facility. That a company would have to engage in these types of calculations for an investment of this magnitude demonstrates the extent to which the security environment for the oil companies has descended. In other words, Exxon has little faith in the GON's capacity, and it is employing an "out of sight, out of mind" approach in hopes of avoiding militant action against it.

